

# Creativity and Strategy Development

Lene Sørensen

Center for Information and Communication Technology/CICT

lene@cict.dtu.dk

Rene Victor Valqui Vidal

Informatics and Mathematical Modelling

Technical University of Denmark

2800 Lyngby, Denmark

vvv@imm.dtu.dk

## Abstract

This paper focus on how creative thinking, processes and methods can support the strategy development and planning process in organisations. First, several fundamental concepts related to both strategy development and planning are stipulated. In addition, the concept of living organisation will be discussed as well as the interaction between strategy and creativity. Then, methodological ideas to support the strategy making process are presented enhancing the use of creative methods and tools. Finally, a case study related to the development of a strategy for organisational development using creativity tools is discussed.

**Keywords:** Strategy, creativity, methods, case study

## 1. Introduction

Mintzberg (1994) started the discussion about how the strategic planning concept was built on a contradiction: The combination of strategy development being a synthetically and creative process with planning being a more analytical and rational process. Planning is a conscious break down of tasks and activities while strategy development is a complex, holistic and creative process. With this way of looking at the strategic planning concept, it became evident that many organisations need creativity and creative methods (Vidal, 2004) in their strategy making process. On the other hand creativity alone cannot secure that the organisation is managing well in the strategically sense. Complementary, analysis and rational thinking is just as important.

The need of strategy and planning was emphasised by the events during the last part of the 1990s. Here the so-called dotcoms popped up almost of the blue and in no time became big successes. For these companies, strategy making was not a big concern. Many dotcoms were built on a good idea, a number of good friends working together and all of a sudden they found themselves in business. The dotcoms were rather creative and innovative: they found alternative ways of running businesses and created successes in no time. However, when the stock markets began to crash in spring 2000, the large number of the established dotcoms had to close down. They were not prepared for bad times.

They had no strategy or plan other than to do as they had always done. They never explicitly thought of formalising their strategic thinking and had to pay by closing down.

Through the 1990s information technology (IT) had increased its impact on organisations. New organisational types were formed (Morgan, 1997) and the individual member in organisations began to play a larger role. Learning (Senge, 1990) and knowledge sharing becomes central principles for learning organisations. In these organisations, the individual organisational members take part in establishing overall goals and formulating the strategies of the organisation. The individuals become strategists.

The learning and knowledge-based organisations as well as the dotcoms have emphasised two central principles for strategy development and planning today: Strategy development and planning where the individual plays a role and learn about the problems of the organisation (we refer to this as participative planning), and being proactive (in contrast to being reactive).

Strategy development and planning easily becomes a process for solving problems in organisations. For most organisations today, the problems they address can be named messy: Characterised as uncertain, complex and not easily defined. The messy problems are a result of an ever-changing world in which IT, changing economy, new types of competition and new types of organisations and networks of organisations are key factors. Strategy development and planning then becomes a problem solving process with the purpose of managing the organisation through the turbulent world. This is also called the management of change.

The main purpose of this paper is to explain the principles for modern strategy development and planning and to outline how a facilitator can support strategy development and planning through multi-methodological means supported by creative methods and tools. This note gives a holistic view to strategy as a concept and provides insight into various issues related to participative strategy development and planning. Creative processes are a central part of strategy development. The paper, therefore, focus on a case study in which two creative approaches/techniques are used in a strategy development process.

*Creativity is the ability to challenge assumptions, break boundaries, recognise patterns, see in new ways, make new connections, take risks, and seize upon chance when dealing with a problem.* In other words, what you do is creative if it is new, different and helpful. In addition, it is important to enhance that the creative process is *heuristic* rather than algorithmic. A heuristic is an intuitive guideline or rule-of-thumb that can lead to learning or discovery opposite to an algorithm that is a complete rational and mechanical rule for solving a problem. In few words, creativity is an intuitive process for discovery that sometimes ends in a product, a process, an idea or just a new experience.

Experience has shown that it is recommendable in a creative process, at each step to start with *divergent thinking* to produce as many ideas or solutions as possible and thereafter

to switch to *convergent thinking* to select the few most promising ideas. It is not unusual that in a group some members will very easily diverge, that is build a list of alternatives, while others will converge very fast by trying to select the best solution from the list and the rest will be passive not knowing what is required of them. Hence the need of a facilitator, he or she designs a clear and visible process to align the group. The facilitator will support the process, will elaborate a plan of steps to be followed, will organise workshops, and will manage the whole problem solving process to secure that an action plan will be elaborated and implemented, see further Vidal (2006a).

## **2. Strategy: Some Fundamental Concepts**

Strategy is about managing in a turbulent and dynamic surrounding environment. It is about dealing with problems arising as a consequence of being part of Society. It is closely associated with making the right decisions for the future that fit to the particular organisation. In short, strategy can be said to deal with decision making about changes in order to make the organisation work better, more effectively, and be able to deal with the future.

It is a complicated task to define, describe and implement strategy. Strategy can be defined in many various terms and can be different in content and type. This section outlines some of the theoretical foundations of this concept.

As already mentioned, strategy is developed to support the organisation to steer through the environment in the future. It is about managing the organisation through internal or external changes. There exist a large number of factors, which can push forward the need for an organization to develop a strategy. Some of these factors are:

- New technology.
- Changes in the environment
- Changes in values and behaviours both in the organisation and Society
- New demands of the stakeholders
- New demands of the owners.
- New leadership
- Organisational changes.

*Strategy development is the explicit formulation and/or construction of goals and visions that are feasible and reachable for organisational change.* The goals or visions are closely associated with the purpose of starting the strategy development process. This means that it is often associated with a problematic situation. But also the means and resources available are important and set out the possibilities for strategy development. Usually, the strategy development process is a time-consuming and never ending process. All individuals of the organisation are directly or indirectly part of this process. Strategy development is about future visions in which creativity, innovation and new thinking are vital for the organisation and for how it designs its future.

*Planning is a set of coordinated activities that seeks to fulfil the goals and visions, and describes the actions that have to be carried out to reach these goals and visions.*

Planning is therefore a process that involves the creation and evaluation of a set of options before actions can take place. Seen isolated, planning is a rather rational and analytical process in which we solve a certain task using the specified directions and limitations

As outlined above, the planning process seems to be a straightforward linear process. It is not the way it shall be understood. Often when an organisation deals with a problematic situation for which it needs to change, to develop new goals and visions, the strategic ideas and planned actions may change many times. There is a timely dimension in the planning process that matters. It is not a static linear process but a dynamic, perhaps cyclic process that at any time may risk going backwards several steps to fit the changes in the surroundings right now. Dynamics is central to good and successful strategy making and planning.

## 2.1 Types of Strategies

There are not only various names for strategies existing at different levels of the organisation but there are also different types of strategies. Mintzberg (1994) operates with the following five P's referring to five different types of strategies:

- *A position.* This type of strategy is to determine the position of particular products in particular markets and to do strategic positioning on the market. It is the creation of a unique and valuable position involving a set of activities. Positioning is important for all companies doing business.
- *A plan.* This type of strategy can be perceived as a direction, guide or a course of action into the future. It describes more or less how to get there from here where the focus is on the future in an analytic, deliberate, controlled process.
- *A pattern.* A pattern like strategy means a strategy, which is consistent in behaviour in time. It is incorporated in the organisation and is expressed through the culture or in accordance with the line of behaviour of the organisation. It is based on the entrepreneurial way of developing strategy where the strategy is formulated more or less consciously by the owner and expressed as an informal vision that leads the organisation in the wanted direction. The pattern like strategy looks at the past behaviour of the organisation and finds guidance in that. Many small IT companies develop strategies as patterns.
- *A perspective.* This type of strategy represents an organisation's way of doing things. Strategy as a perspective is a kind of collective understanding and interaction within the organisation. This type of organisation looks inside the organisation and is based on an interactive process within the organisation. But the inside perspective is looked at in an outside and forward perspective also as part of a grand vision of the organisation. A perspective is based on the pattern type of strategy but is taken a bit further in the sense that the organisation creates strategy through learning and reflection about the situation as a whole.
- *A ploy.* This is a specific manoeuvre intended to outwit an opponent or competitor. Here the real strategy is more the threat and not the expansion in

itself. Conflict is here a central part of developing strategies. The 'threat' can force others to do something by themselves and as such be an excellent strategy for the organisation that can threaten others.

The above-mentioned types of strategies are based on different concerns to how deliberate or emergent strategies are in an organization. In general the strategy development process will include both aspects.

Usually, an organisation starts out with a number of intended strategies. Some of these strategies will due to some reasons not be realised (that may be due to ethical, economic, or cultural reasons). Others are fully realised and are referred to as *deliberate* strategies. Deliberate strategies are fully planned and realised in a rather rational way. However, in many situations this strategic process is not that planned. Organisations act without an expressed strategy and as the actions becomes visual; the pattern of the actions become evident and the strategy can be seen. These strategies are referred to as *emergent* strategies.

In practice, strategies will often be a mix of deliberate and emergent strategies. It is seldom that a strategy is purely deliberate or purely emergent. A purely deliberate strategy suggests that no learning has taken place which is a straightforward situation. A purely emergent strategy suggests that the strategy is made without control and coordination, which can be dangerous for an organization. The real world strategies need to mix these two aspects, the analytical aspect and the creative aspect, to attempt to steer without stopping the learning process.

Often organisations pursue a kind of umbrella strategy where the broad outlines are deliberate while the details of the strategy are to emerge within these frames (Mintzberg, 1994). Affiliated with these characterisations of strategy, two more concepts must be mentioned. Much strategy literature operates with proactive and reactive strategies. A *proactive* strategy is developed to be an active part of changing and forming the situation for an organisation. Here is needed a long preparation and/or dynamic and insightful planning process. A *reactive* strategy is developed as a response or adaptation to changes in the surroundings. It is based on a kind of forced process often with limited options.

### **3. The Living Organisation**

In order to go into detail on how to develop strategies, it is necessary to provide more detail on the type of organisation that we assume the strategy shall be used for. Usually strategy making demands the redesign of the organisation in question. We refer to these types of organisations as the *knowledge-based* organisations and the *learning* organisations.

The knowledge-based organisation (or high technology based organisation) is characterised by high knowledge intensity. Production processes and products are supported by advanced technology. Continuously this type of organisation is looking for new technology knowledge, which can be applied. The knowledge-based organisation naturally is built up by experts who are responsible for being on the forefront and for

exchanging information to the rest of the organisation. Typically, IT companies or biotechnological companies are examples of knowledge-based organisations.

There is no precise definition for a learning organisation. One characteristic of a learning organisation is that it is flexible. This means that the organisation is able and willing to change course when needed, it is rich on initiatives and there is a collaborative trust amongst groups/teams and individuals in the organisation. The trust secures that the organisational members feel equal. In the learning organisation, there are no barriers for communication, knowledge sharing, creativity, dialogue and personal development (Senge, 1990). The learning organisation can be seen as an answer to continuous changes in the surrounding. The learning organisation is able to change without experiencing a crisis every time it changes, see further Sørensen and Vidal (2000).

Common features for these two types of organisations are that the individual is visible in the organisation and is important for the organisation. Knowledge sharing and communication are important dimensions. The culture is a highly adaptive culture. The organisational strategies, the processes taking place, the way individuals act emphasises the need and practice of learning and changing. In fact both organisational types are dependent on the individuals' insight in detecting changes in the surrounding as 'watch-dogs'.

Usually, these types of organisations are structured in networks (and are therefore also referred to as network organisations). Work is organised in groups or networks and individuals go directly to the other groups for information. The groups need to be able to work independently. Individuals in the groups need to understand that they are all small leaders and must be able to work in various leader roles (all contribute to leading the group). Additionally, the groups need to be transparent so that everybody understands the resources and possibilities present at any time.

De Geus (1997) made a survey of companies and organisations that lived the longest. The most successful companies were innovative, social and mobile. This means that they were able to come up with new ideas all the time. They were able to be on the forefront using the ideas. The individuals within the companies were linked by social relations, which made them trust each other and able to use the strengths of each other. Also the companies were mobile. They could change when it was needed. They were not static in the thinking about visions and goals and strategies but were able to change all the time. In a sense these companies can be referred to as living organisations.

De Geus (1988) characterizes the living organization as follows:

- It is able to build up constructive connections to others outside and inside the organization. It can function in networks or through projects. And individuals understand the need for direct communication.
- It lives in the surrounding environment and understands and listens to changes. The organization is able to adapt, change and learn at a pace

necessary to never experience crises resulting from changes in the surrounding.

- The organization is able to build up a common understanding and identity. The individuals in the organization are respecting and living by the culture in the organization so it gets an identity.
- The organization has the ability to effectively control its own growth and development. It is on the forefront and is (normally) not controlled by changes in the surroundings.

The living organization has to be able to learn all the time. It must be proactive in its leadership. The individuals of the organization must be part of the strategy development and planning process. The living organization is often based on a special planning process. We refer to this planning process as Interactive Planning.

### **3.1 The Strategic Development Process**

Strategic development is conceptualized as the process that is invoked by the principles from Ackoff's (1999) so called *Interactive Planning*. It shall be mentioned that the interactive planning processes is not applicable in all situations and in all organisations. In Dyson and O'Brien (1998) other models of the strategic development process can be found.

In living organisations, strategy needs to be a dynamic and interactive process. Interactive Planning is the one that in the process relates actively to the future but also looks as the present. This type of planning can be characterised by the four principles:

*The participative planning:* This principle express that planning is an activity that has value from the product it creates as well as from the process it initiates within the organisation. Since the process is of great value, the organisational members must participate to plan for themselves. The members of the organisation participate in the planning and problem solving. Since the members of the organisation create value by this participation, a planner cannot plan for them. If they need support from a planner, this planner must act as a facilitator.

*The coordinating planning:* Since most planning problems are considered complex or 'messy' (uncertain, complex, unstructured and not easily defined), planning must be holistic and take the overall perspectives into consideration. Planning must take into account the broadness of the problem situation more than the depth of a specific sub-problem. Equally important is handling the interaction between problems. If the interactions are not handled, it is not possible to deal with the overall problems. The management of overall problems and how sub-problems are linked is considered more important than formulating concrete actions.

*The integrative planning:* All levels of the organisation need to plan. This planning must be integrated with all other levels. The integration is needed to establish consistent short and long term goals with strategic and tactic planning. This transforms the steps of thinking, action, planning and implementation into a single process. Integrative planning

is again needed to secure that all problems are seen as a whole and to secure that they are coordinated in spite of who and where they are experienced.

*The continuous planning:* Planning cannot be seen as a static activity. It is a process activity. Plans must continuously be revised, evaluated, updated and corrected. The world is changing in a dynamic way and if planning must have a value, this must be reflected in the problem solving process. This is basically what lies behind the idea of the living organisation.

To conceptualise the Interactive Planning principles they must be transformed into action. This approach takes place through a number of dependent phases:

- *Setting the goals*, where the goals (short term and long term goals) are defined. Goals first defined for the whole of the organisation and next for each of the smaller groups or parts of the organisation. The sub-goals must be in compliance with the overall goal.
- *Planning the means* – finding out which means the organisation has for reaching the goals. Again this survey is made on different levels. On the overall level to secure that the organisational goal can be fulfilled. However, these means must be found at all levels in the organisation and therefore the planning of means must take part at all levels as well.
- *Planning the resources* where the organisation is finding out what resources it has available and how they can be used. The resources lie primarily within the individual members of the organisation and the network structure. Again, this means that the resources must be looked at on all levels.
- *Organisational planning* is to look at the design for the organisation and for how decision-making is made. It is this design that makes it possible to apply the existing means in reasonable manners. If the design of the organisation not is reflected in how the goals can be reached, something must be done.
- *Implementation and control* where finally the decisions can be carried out and where the planning must be monitored so it can be revised when changes take place internally in the organisation and in the external environment. Monitoring is essential for the living organisation. It is through monitoring that the organisation finds out when the strategy is not valid any more and when the plan is fulfilled. A new strategy and plan can be needed when there is a substantial change in the external environment, in the internal environment, if the organisation has reached its goals, if it has been successful or has failed.

The steps are not abrupt exercises carried out through a linear process. At any time, it may be necessary to go back to the phases already carried out and do it once more. If environmental changes take place important for the strategy it is important to revise the strategy no matter how far it has reached in the process. It is important to remember that



the living organisations survive because they are able to carry out flexible, dynamic and cyclic strategy development and planning.

Learning is of course central to an organisation working through the Interactive Planning principles. The organisation cannot learn unless the organisational members learn (Senge, 1990). The living organisation is therefore dependent on that the individuals learn all the time. Additionally, the organisation must support the learning. Kolb (1984) suggests that learning takes place through a loop, a so-called learning loop. He defines learning '*as the process whereby knowledge is created through the transformation of experience*'. Experiences are therefore central for learning. All organisational members have experiences. Some of the experiences are important and can be directly associated with how results of previous actions are perceived. The individuals reflect on the experiences. Reflections are made in concern of the relationship between actions and other events. When carrying out such reflections, awareness is seen of new patterns and trends in events. Reflection of the individual is related to this individual's ability to differentiate between existing mental models and the perception of a different reality.

#### **4. Strategy and Creativity**

Mintzberg (1994)'s alternative approach to strategy centred on the concept of adhocracy. *Adhocracy* in strategy making means not simply an acceptance of chaos and uncertainty, but a bottom-up process which allows strategy to emerge from operational decision making rather than forcing operational decisions to conform to strategy.

Creativity in an adhocracy is a collective and collaborative process which requires a dualistic and dialectical approach, deviating a little from the old pattern but also converging on new patterns as they begin to take form. Strategic thinking requires both divergent and convergent thinking, overlapping and alternating with each other, reflecting a multidimensional process-oriented model of creative thinking. The responsibility for strategy making is probably to be delegated through the organisation – the role of the leader is to orchestrate the process and help to make connections rather to dictate or control. This approach to organizational change is evolutionary rather than revolutionary, with the strategy direction continually being modified in a sequence of small steps and modifications. Strategy is continually adapting to changing realities and inputs.

Adhocracy as a model for creativity in strategy making is more demanding and rigorous than mere innovation. This model requires a combination of divergent and convergent thinking – an ability to take things apart and to put them back together into a new pattern. It is conditioned on an open dialogue and self-evaluation at all levels of the organisation. New insights emerge from the friction between strategic vision and operational reality, tweaking the limits of what is possible and acceptable. Implementation is not a question of just following the plan but it is a process for questioning the plan and for creating new ones.

Creative approaches to strategy making demand an emphasis on: Systems design and organisational complexity. To manage is to navigate and maintain complexity by assuring that strategy making stays an open dialogue between current capabilities and future

possibilities. It is in this sense that we talk about *creative organisations* as complex, adaptive systems in which multiple perspectives and multiple criteria compete. Faced with such situations, the role of management becomes designing a system for communication through which future visions can be debated, questioned and tested. As creativity, strategy formation is a matter of synthesis. It demands that we see the pattern between apparently unlikely elements and recognise the long-term possibilities contained in short-term opportunities. Strategy making has to be dynamic; it has to move away from the idea that strategy is a done deal, a map of the future, or a leap on the unknown. Instead of guidance, strategy has to animate the individuals and help them to survive future complexity and unpredictability. The goal is not to create a perfect strategy but to design a satisfying system for strategy formation. The result is not a blueprint but a process.

## 5. Methodological Support

The point of departure in our discussions is the concept of an *organisation*. An organisation can be a family, a community, a small firm, a corporation, or an institution. What characterises organisations is that there are purposefully designed and specialised to achieve a task. Thus an organisation in a community could be a centre designed to enforce the development of the region, while firms are organisations providing some products and profits, and institutions are organisations designed to provide some services. The evolution of organisations is conditioned by external and internal factors, and sometimes organisations are experiencing *problematic situations or messes*, that are complex situations where some purposeful action is demanded to achieve some goals and visions. Problematic situations are usually related to the development of new strategies for the organisation, the formulation of new visions for the future, or problem solving in general. In such a situation, the organisation will usually appoint *a work group* to deal with the problematic situation. The *task* of this group is to analyse the mess and answer the question: What is to be done? In other words, to propose *action plans* to be approved by the *decision-makers* of the organisation. In small organisations the decision-makers (managers) are usually part of or identical to the work group. Related to these persons we have the so-called *stakeholders*, those individuals outside or inside the organisation that can either affect or be affected by the action plans.

In strategy development, it is recommendable for the work group to hire *a facilitator*. A facilitator will support the group in the *strategy development process*; he or she will secure that the process ends with an action plan. The facilitator is usually the manager of the problem solving process. The facilitator could also give some expert know-how or find out if some experts have to be hired to give specialised advice. To perform his job as process manager, the facilitator uses some *approaches, methods and tools* that he finds suitable for the given situation. The approaches could be quantitative (hard), qualitative (soft), participative (critical), innovative (creative) or a combination of them (multi-methodology). To facilitate groups demand the ability to both design and manage problem solving processes, creating a pro-active atmosphere and synergetic effects. Fig. 1 summarises all the elements and concepts discussed above.

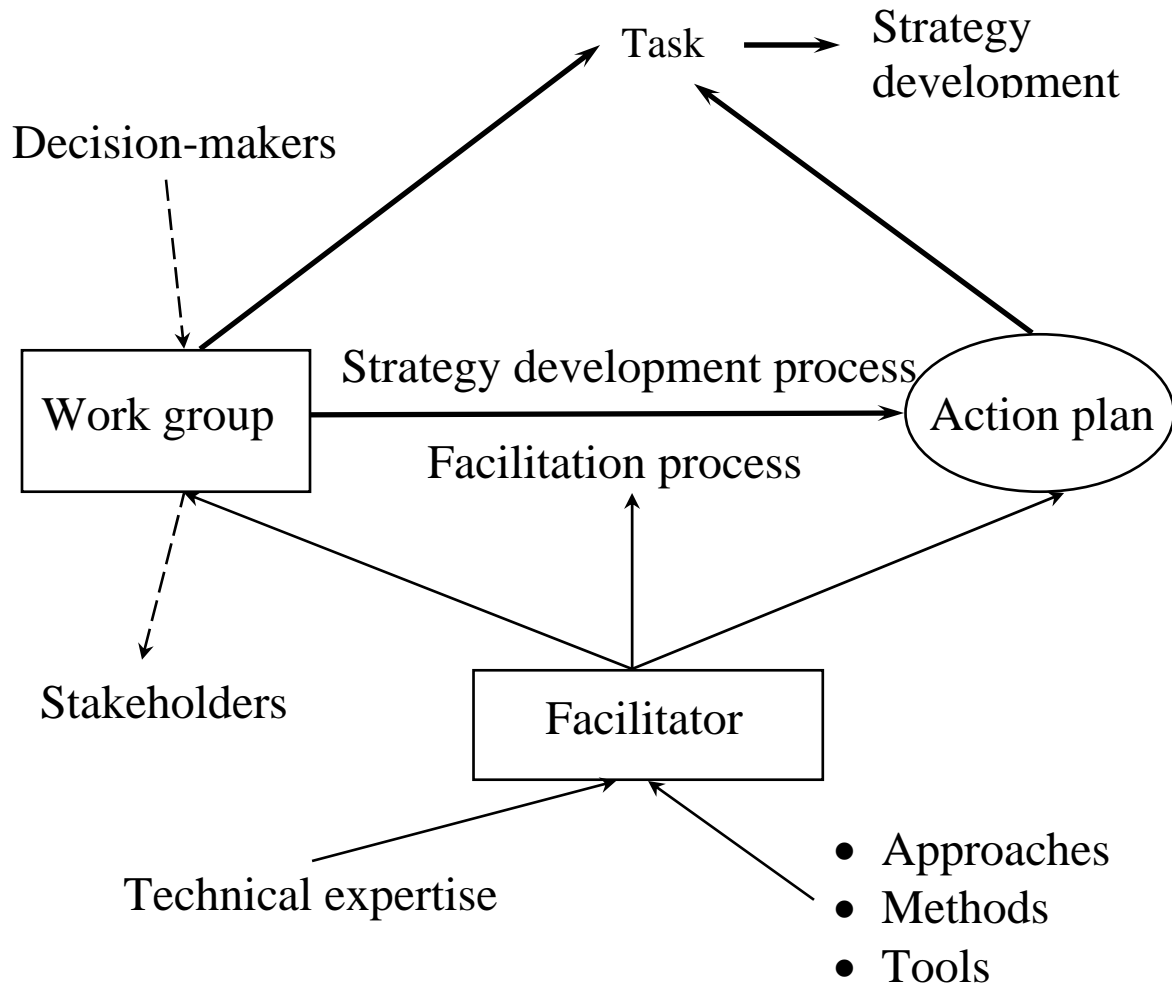


Figure 1. A framework for strategy development

The facilitator will use some approaches, methods and techniques to support the strategy development process. These will be selected according to the type of situation on hand, the background and experiences of the clients, and the practical experience of the facilitator. Approaches specify general principles and a step-wise process for problem solving. The most utilised approaches are: the rational, the creative, and the critical. *Rational* approaches give advice of how to deal with problems within the boundaries of the system in question. To be rational is to be intelligent problem solver. Rational approaches can be *hard* or *soft*. *Creative* approaches focus on breaking the boundaries of the system in study. To be creative is to be innovative problem solver. *Critical* approaches are used in conflictive situations where the goal is to empower the users. To be critical is to be radical problem solver. These approaches do not exclude each other. Critical approaches usually combine both rational and creative approaches. In each family of approaches a series of methods will be found. Methods usually give very

specific guidelines to the problem solving process. Techniques are simple and practical tools that can be used in any approach or combined with methods. About these different approaches see further Vidal (2005).

There exist conceptual books about strategy development and planning (Mintzberg, 1994; Mintzberg et al., 1998). Other books describe the strategy concept and include hard and soft approaches which can lead to strategy development and planning. Dyson and O'Brien (1998) include several examples of the use of soft approaches. Recently, Eden and Ackermann (2004) focus on the strategy making process supported by cognitive maps and the business of the management of change. Sørensen and Vidal (2001, and 2002) present applications of soft methods to strategy development and planning for small firms. All these references are lacking a discussion on how creative thinking, methods and tools can support the strategy development and planning processes.

In practice, the approach used to deal with a real-life strategic problem has to be designed using a general approach as a guideline, for instance Future Workshop (Vidal, 2006) or Idealized Design (Ackoff, 2006), and including different methods and tools as needed, this is usually called a multi-methodological approach. In strategic development and planning there will be usually three types of analyses:

- *Situational Analysis*, this is a problem of analysing the actual situation of the organization. SWOT-analysis is a well-known approach used for that purpose (Sørensen and Vidal, 1999). This approach can be supported by creative techniques, as for instance *brainstorming*, during the construction of the SWOT-matrix. Later, *mind mapping* could be used during the process of finding strategic areas to focus on, to structure the many interrelated ideas that has been generated. See further Vidal (2004) about creative techniques..
- *Future Visions*, this is the problem of creating new pictures of the future of the organization. The Scenario approach has been used extensively to deal with this task (Sørensen and Vidal, 1999). This approach can be supported by a creative technique known as *Story Telling* to create common visions of the future of the organization. See further Allan et al (2002). Another creative approach is the use of Metaphors (Morgan, 1997) as it will be shown in the next section.
- *Action Plans*, this is the problem of implementing the decisions made in the previous stages of the problem solving process. This is usually a rational process but the approach can be supported by a designed approach. A design task needs also creative tools. See further Borges et al (2002).

## **6. Medstar: A Case Study**

Medstar is a small privately owned company with 7 employees. It is a distributor of high tech products of hospital equipment and medico techniques to Danish hospitals. Over the years, the company has been relatively stable run by one managing director who has also been the owner. However, during the 1990's the company experienced some turbulence internally as well as and in a changing environment, creating substantial uncertainty and frustration amongst employees. In 1998, a new managing director took over the company which created a need for preparing a new business vision and strategy.

## **6.1 A Historical Presentation**

Medstar was established in 1974 by the former director and his wife. The company was based on a vision to offer medico equipment to Danish hospitals. The director established a good knowledge both on the needed equipment and the network of doctors using the equipment by attending a fair number of medicine courses. Since it is the doctors at the hospitals that in large decided on which equipment to use, these contacts were invaluable to Medstar. Also the director spent much time on travelling in search for new products while his wife managed the financial aspects of the company.

Within the first couple of years, things went well for Medstar; people were hired and prospects were good, since more hospitals were built. In 1988, Medstar had 18 employees and a brand new office building. Later, the same year, it was decided to look for a new managing director. In relation to that, an assistant director was hired.

Four years later, the assistant director left the company. Unfortunately, with him went one of the company's largest sales products and around 25% of the turnover. This was possible, since the employees in Medstar worked more or less independently of each other; contracts were based on individual contacts between Medstar employees and customers.

Loosing around 25% of the turnover naturally created a critical situation for Medstar. In 1993, more employees were hired and some agencies were won. However, it soon became apparent that the lost market segment could not be regained. Hospitals were now closing and there were almost no prospects for building new hospitals which caused the market for medico equipment to stagnate.

In 1995, the balance sheets showed a negative result for the first time in the history of the company. The year after, it was decided to put down a managing group made up by three of the employees. The group then took over most of the leadership within the company, the managing director, however, still in the top position. Then in 1997, the director's son joined the company. He had been a member of the board for years and knew very well Medstar. Immediately, he was, in spite of lack of experience with the medico business and market, appointed as vice director of the company which caused the managing director to retire from his duties. Gradually, the vice director took over the responsibility of the company, and in 1998, he officially became the new managing director.

Almost instantly, the new director was aware that some products were not selling well. He realised that he had to cut down on some agencies – and eventually on the number of employees. These adjustments were implemented in the following years; Agencies with a low turnover were unwounded during 1999 and in 2000, a total of 11 employees were dismissed. Out of hands of the director, Medstar simultaneously lost some profitable agencies purchased by large competitors in the market, creating concern and a need for new business thinking.

In 2001, Medstar had 6 employees as well as the director. The managing group was dissolved. The organisational structure of the company was unchanged; each employee

had his own area of competence and referred directly to the director. However, after the significant reduction of staff, it was evident that the company needed to reorganise in order to cope for example with the administrative tasks between the remaining employees. The situation was rather uncertain, since no formal decision had been made concerning the work structure and tasks. Problems were solved on a day to day basis more or less by the different employees feeling responsible for making things run.

The market situation has changed considerably compared to the situation 25 years ago. Today, chief doctors at Danish hospitals, being the primary customer group, have absolute power to decide on the products they want to use in their work. Companies in the medico-business are rather dependent upon good and close relations between their salesmen and these doctors. Furthermore, new competitors may be expected. The Internet opens up to global competition: most medico products are acceptable worldwide and can therefore easily be traded in this way.

The new director himself was in an awaiting position. He was a bit unsure of his role within the company. In reality, it was never his ambition to take over his parents' company and he felt more or less forced to do that when his parents wanted to retire. In a way, he took over the position in concern to his parents' life long work. However, he himself needed some directions for leadership and for formulating overall goals for Medstar. He felt that he spent too much time on trying to make all employees happy and felt that a re-structuring of the organisation was needed.

## **6.2 Analysing the Situation**

In 2001, Medstar invited a facilitator to come and take a look on the company. This facilitator was related with the director and was placed in Medstar for a period of 6 months. The purpose of the stay was to carry out a number of analyses that could support especially the director in his search for finding his standing point within the company and for starting out strategy related discussions that Medstar needed to take anyway.

However, the close relationship between the facilitator and the director put some constraints on the type of analyses that could be applied. It was for example concluded that a workshop for the whole company would be impossible to apply in the sense that most employees would be reluctant to be open-minded about the problems within the company when others were listening. The analyses, therefore, were carried out through a number of individual interviews with the facilitator and the single employees.

The overall purpose of the analyses was to identify issues and strategic points that could support the director (and indirectly Medstar) in finding his standing point. Analyses were carried out in a series of interviews each interview lasting for about 1-2 hours. Dialogue between the facilitator and the director was however not timely constrained and often took longer time. Also the dialogue between the director and the facilitator was more frequent and less formalised however characterised by being completely confidential.

It was decided to take a step-wise approach in applying methods and techniques in order to allow for a sound reflection process for the director and the employees in Medstar.

Also, it was not possible to foresee to which extent the director and the employees would and could be willing to take part in the analyses. The facilitator, therefore, discussed with the director the imminent issues and it was decided to start by applying a metaphor analysis to understand the problematic situation and to be able to identify issues related to the organisation's culture.

### **Reading Medstar through Metaphors**

Generally, the idea behind using metaphors is to remove the fixed perception often put in descriptions of organisations. Using different metaphors and views on the organisation, new insights can create a varied range of possibilities for solving the problematic issues identified. Morgan (1997) presents a number of metaphors and a more detailed description of the approach.

Initially, employees and the director of Medstar were interviewed about their view on the organisation and the situation in Medstar. All interviews were performed individually with the facilitator. Afterwards, the facilitator identified a number of metaphors from the interviews. An overview of the identified metaphors and the interpretation they have provided in Medstar can be found in Table 1. The facilitator made up the readings based on the interviews. Later, they were put forward to each employee and the director and were modified slightly.

The machine metaphor	There is a wish amongst the employees and the director for an increased bureaucracy in terms of delegation of responsibilities, of competencies and formulating work procedures.
The culture metaphor	The culture of Medstar is undergoing huge changes. This is partly due to the new director and partly because of the restructuring where 11 out of 18 employees were dismissed.
The psychic prison metaphor	The employees and the director seem influenced by inner preconceived opinions about the structure of the organisation and the leadership of the company.
The organism metaphor	There has been a change in the surrounding environment due to several purchases from large competitors on the market. This causes Medstar to restructure and find new market grounds.
The brain metaphor	The market as such demands immense knowledge. The cutback in staff has resulted in a need for a certain degree of over capacity of functions and knowledge. There is a need for knowledge sharing and for securing existing knowledge inside the organisation.
The political metaphor	There could be a political game going on between the director and some of the employees as a consequence of the expert roles and external network connections they possess—being vital for Medstar' survival.

Table 1. Overview of metaphors describing different aspects of Medstar

After individual discussions with the director and the employees, the culture, organism, and brain metaphors were identified to be most descriptive of the situation. These

metaphors were then further elaborated. The elaboration is found in Appendix 1. Again the elaboration was presented for the employees and different problems were discussed and prioritised.

Reading the metaphors most problems seemed to be related to the lack of communication and collaboration amongst the employees in Medstar as well as the lack of overall strategic discussion. The facilitator, therefore, developed a so-called *storyline* (Morgan, 1997) in which the most pressing problems, seen in the metaphors, are mixed with some recommendations on handling these. The problems are prioritised so it is only the most pressing issues that are addressed in this storyline. Figure 2 depicts the storyline. On top, the strategic issue and the communication and collaboration issues are placed. Below, are the recommendations on how to immediately handle the communication and collaboration issues and on handling the lack of a visible strategy.

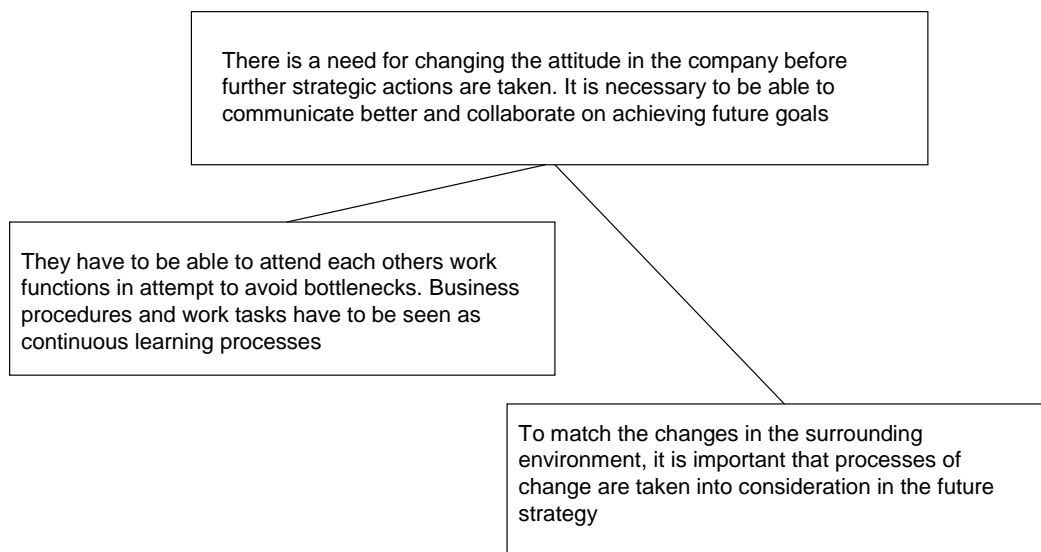


Figure 2. Storyline for Medstar

From the metaphor analysis, it was concluded that some problems were identified in association with the lack of clear strategic objectives. It was concluded that there were some things to do internally in Medstar – things that were independent on which external strategy Medstar would follow. However, since the director of Medstar was concerned with the situation and the various options he was presented for in terms of formulating the right strategy, it was decided to follow this path and apply another analysis on this part.

### Rich Picture

The idea of a Rich Picture (Avison et al, 1992) is to make a graphical presentation, a cartoon-like representation, of the issues, different perceptions, people, places, concerns and processes seen by the employees in Medstar. Only imagination set the limit for the



symbols that can be used. The picture is drawn to be able to analyse and improve understanding of a situation and for being able to choose the right actions for improvement of this situation. The picture can in no way be seen as a final statement but more as a reflection or immediate snapshot of the situation. Usually, the picture is drawn as part of an interview – in this case, it is drawn after the interviews by the facilitator only. In this particular case, the Rich Picture shall be seen as an overall picture of the situation in Medstar, – summing up some of the issues already outlined but focusing more on the relationships and variety in both internal and external issues.

Methodologically, it was the facilitator who created the picture using the notes from the interviews as a guide to finding relevant issues and processes. No specific rules were applied in the picture, and the symbols were selected by the facilitator. The Rich Picture can be seen in Figure 3.

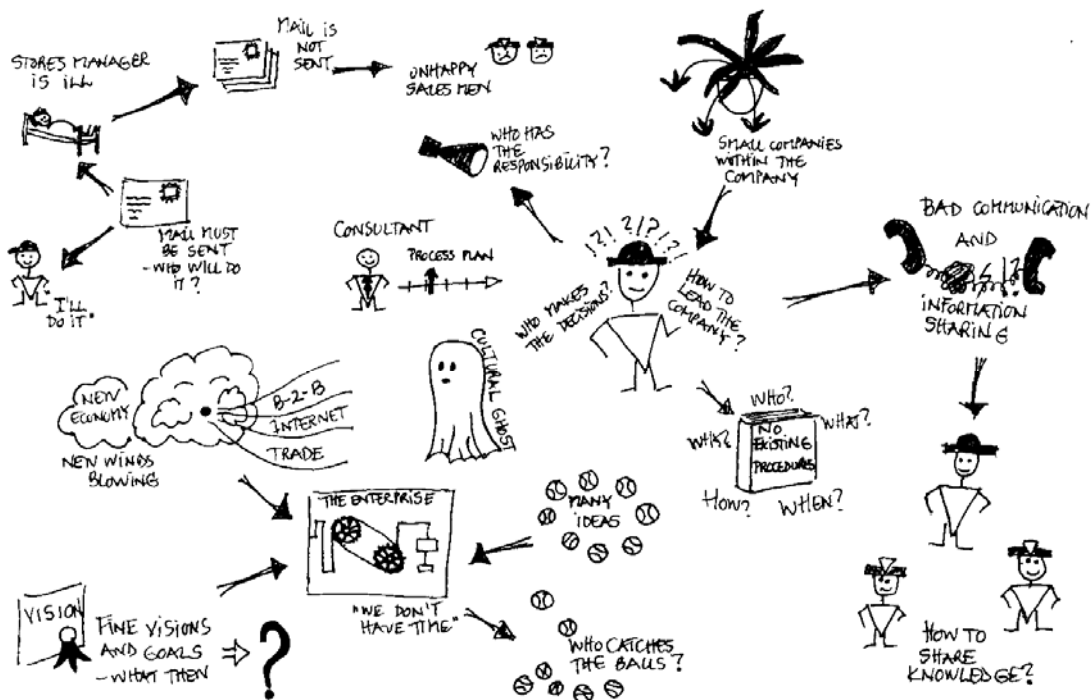


Figure 3 Rich Picture of the problematic situation in Medstar

Compared to the results of the metaphor analysis, the Rich Picture offers an easy overview of issues and relationships identified by the employees in Medstar. Also the significant problems seem to be more clearly visible. For example, the director's role within the company is centrally placed and with a number of relational linkages to other problems. Furthermore, the picture shows 'smaller' issues such as the mail which is not

sent out. This issue may seem less important but for the employees, it was a major obstacle in their everyday.

Before the construction of the Rich Picture, the director had some problems picturing himself in Medstar, i.e., finding out his role in Medstar. This is clearly seen in the picture, and after this exercise, the director and the facilitator agreed on discussing various roles he could take on in the future.

The engagement in Medstar was ended with a number of recommendations given to the director as well as a general discussion in Medstar about the strategy making process. Both the director as well as the employees in Medstar was happy with the process. The director felt that he now understood much better the reasons for his confusion and could now see some alternative solutions for himself. The employees in Medstar were fond of the process; it had started an explicit and public discussion which before had been carried out “in the dark” without facing the problems and being active in solving these.

Clearly, the engagement had started a process in Medstar. Only time would now show if Medstar will be able to go a step further in actively solving problems and developing the strategy for the future which seemed essential for the company.

## **7. Final Remarks**

In this paper we suggest a participative and creative approach to strategy making. It has been emphasized that strategy development and planning can be methodologically supported by a *designed* approach. In such a process the planner is a facilitator of a problem solving process. Facilitation is both an art and a science; see further Vidal (2006).

Participatory strategy making challenges power relations in the organisation in each of its dimensions through addressing the need for (Gaventa and Cornwall, 2001):

- Knowledge – as a resource which affects decision making;
- Action – which looks at how individuals are involved in the production and implementation of such knowledge; and
- Empowerment – this looks at how the production of knowledge changes the awareness or worldview.

In this paper we have emphasized the importance of adhocracy, active participation, learning, facilitation, communication and designed methods as essential elements of fruitful strategy making that not only develops the organisation towards a living organisation but also all individuals of the organisation as collaborative and supportive actors. The case study illustrates the difficulties of small firms to start with such a process.

Although in this paper we are focusing in business organisations most of the concepts, approaches and techniques can be applied to other type of organisations such as public institutions, communities, NGO's, etc., see for instance Vidal (2006a).

## References

- Ackoff, R. L. (1999): *Ackoff's Best. His Classical Writings on Management*, Wiley, NY, USA.
- Ackoff, R. L. (2006) *Idealized Design*, Wiley, NY, USA.
- Allan, Fairtlough, J. G., and Heinzen, B. (2002) *The Power of the Tale: Using Narrative for Organisational Success*, Wiley, Chichester, UK.
- Avison, D. E., Golder, P. A. and Shak, H. V. (1992) Towards an SSM toolkit: Rich picture diagramming, *European Journal of Information Systems*, Vol. 1, No. 6, pp. 397-407.
- Borges, P. M., Vidal, R. V. V. and Sørensen, L. (2002) OR approaches for strategy development, *Investigacion Operacional*, vol. 22(2), pp. 199-212.
- De Geus, A. (1997) *The living company*, Longview Publishing Limited, Texas, USA.
- De Geus, A. (1988): Planning as learning. *Harvard Business Review*, March-April, 1988, pp. 70-74.
- Dyson, R.G. and O'Brien, F.A. (1998): *Strategic development: Methods and models*, Wiley, Chichester, UK.
- Eden, C. and Ackermann, F. (2004) *Making Strategy – The journey of strategic management*, Sage, London, UK
- Gaventa, J. and Cornwall, A. (2001) Power and Knowledge, in Reason, P. and Bradbury, H., *Handbook of Action Research – Participative Inquiry and Practice*, SAGE, London, UK.
- Kolb, H. D. A. (1984): *Experimental learning. Experience as the source of learning and development*. Prentice-Hall, New Jersey.
- Mintzberg, H. (1994): *The Rise and fall of Strategic Planning*. Prentice Hall, Hertfordshire, USA.
- Mintzberg, H., Ahlstrand, B. And Lampel, J. (1998) *Strategy safari*, Prentice Hall, Hertfordshire, USA.
- Morgan, G. (1997): *Images of Organization*. SAGE Publications. Thousand Oaks.
- Senge, P. (1990) *The fifth discipline, The art & practice of the learning organization*. Random House Business Books, London, UK.
- Sørensen, L. and Vidal, R.V.V. (1999): The Strategic Process in Organisations - the Contributions of Soft Approaches. CTI working paper, no 48, Center for Tele-Information, DTU, Lyngby. Presented at the 15th triennial IFORS conference, Beijing, August 1999.
- Sørensen, L. and Vidal, R. V. V. (2000) *Supporting the learning process - an essential concept for small business planning*, Proceedings from the 11th Nordic conference on small business research, Århus, Denmark, pp. 138-150.
- Sørensen, L. and Vidal, V. (2001) Supporting strategy development in small enterprises – A case of B2B adaptation, CTI Working paper no. 67, Center for Tele-Information, Technical University of Denmark, Lyngby.
- Sørensen, L. and Vidal (2002): Strategy making in small companies – the process and the methods. Presented at the 16 th triennial IFORS conference, Edinburgh, July, 2002.
- Vidal, R. V. V. (2004) Creativity and Problem Solving, *Economic Analysis Working Papers*, vol. 3(14), pp. 29. Available from: <http://eawp.economistascoruna.org/archives/vol3n14/>

Vidal, R. V. V. (2005) Dealing with problematic situations, *Economic Analysis Working Papers*, vol. 4(7), pp. 25. Available from:  
<http://eawp.economistascoruna.org/archives/vol4n7/>  
Vidal, R. V. V. (2006) The Future Workshop: Democratic Problem Solving, *Economic Analysis Working Papers*, vol. 5(4), pp. 21. Available from:  
<http://eawp.economistascoruna.org/archives/vol5n4/>  
Vidal, R. V. V. (2006 a) Creative and Participative Problem Solving – The Art and the Science, IMM, Technical University of Denmark, e-book available from  
<http://www2.imm.dtu.dk/~vvv/CPPS/>

## **Appendix 1**

This appendix includes the elaboration of three organisational metaphors: Culture, organism and brain. In our analysis these were considered to be most influential describing Medstar.

### **Medstar as a culture**

The culture of Medstar is changing. The company has always been and still is influenced by the collection and network of individuals that make up the company. Usually, there is a positive attitude at the office but communication between the individuals is not always fruitful. At staff meetings, much criticism is put forward but seldom directed to persons involved. It is, therefore, difficult to take direct action and respond to the criticism. Many decisions made are not concrete in terms of how, by whom and when they should be realised. The individualism expresses itself in the organisation structure where everyone is a manager for his or her own work sphere: purchasing manager, stores manager, accounting manager, etc. Salesmen are not named salesmen but product managers, and they function as small companies within the company itself.

The spirit of the former director is still pervading Medstar. Simultaneously there is a clear recognition that the new director needs to give his own guidelines on how to run the company. The director himself has, however, not yet accepted how he wants to run the company, which leads to a certain sluggishness in the actions taken simply due to the difficulty in planning ahead without proper goals or guidelines. Medstar has never been structured organisationally or has never followed any written down strategy as such. The former director was 'Mister Medstar' and steered the company by his own mind. The new director characterises the company as a typical family owned company and wishes to make the company more streamlined and modern.

The communication process and the passing on of information in Medstar are quite unstructured and rather poor. Everyone expresses a wish for more structured communication channels and knowledge sharing but have at the same time a fear of becoming too structured.

Several of these conditions are about to be changed, however still without too much action. A certain amount of inconsistency can be detected between what people say and what they actually do. All employees have the best intentions and are willing to work for the changes but not just today. This means that there is a big conflict in the company's

service level outwardly where quick response and follow ups have been one of the company's great forces compared with the inwardly related actions and follow up procedures.

### **Medstar as an organism**

Fundamentally, it is a necessary condition for the company to survive that it is constantly related to the surrounding environment and that it must adjust the company accordingly. This is reflected in the company's range of products that has changed fundamentally over the years in accordance with changes in the medical branch and new products have been developed. The company has always been interested in finding new ways and it has been a natural way of doing business that agencies are bought up, rescinded and new ones come along. The agencies are usually based on contracts for one to two years so when the contract is signed, the sale is rather slim. It has shown to be fairly good business to aim at small niches of products and then creating the need.

No proper analyses of the market have been made to discover new potential threats or possibilities. The former director knew the market perfectly well and there was a fine correlation between him and the salesmen. The new director does not have the same experience and technical foundation for understanding the market. This means that much of the responsibility for being on the front of the development now totally rests on the salesmen.

Internally, Medstar has not acted as dynamic as towards the external surroundings. The activity fields are divided into functions and business routines and are rather unstructured. In general, the staff has free disposal of their daily work, which according to themselves create motivation and satisfaction in the job. This coincides well with the director's managing philosophy of Medstar as a fun and exciting place to work. No management structure has yet been established but it is the intention of the director that as many employees as possible should take part in the decision making process in the company.

In an organic context, Medstar has accomplished to adjust rather well to the surroundings. However, certain vulnerability can be detected in terms of the more significant and huge trends in the surrounding environment. It is so forth important that Medstar in its future strategic relations relate to the changes on the market.

### **Medstar as a brain**

With only 7 employees in the company, a great interdependence and need for spreading and sharing knowledge is felt. It is necessary that the employees become better to attend to others job functions in absence or rush hours. Sharing knowledge is fundamental for this process. The communication and spread of information is based on casual, social processes. More structured knowledge sharing will accommodate a creation of a knowledge base within the organisation which can be used to a greater extend to secure Medstar against loss of knowledge in case employees leave the company.

Different work routines are not formally written down. It is, therefore, the employees' duty to carry out work routines in the most suitable way. Fundamentally, there are plenty of opportunities to continuous re-evaluation of one another's actions and routines. At the moment, these possibilities are not pursued due lack of guidelines for work procedures and job descriptions. When Medstar takes further action in formulating guidelines, it is important that they specify the procedures as well as possible. The single work routine has to be seen upon as a continuous learning process rather than a standard procedure. The existing work procedures should always be questioned concurrently with the employees in order to develop new skills according to the principle of learning how to learn (Morgan, 1997).

According to the brain metaphor, the strategic management should rather be concerned with avoiding unacceptable behaviour than steering against defined goals. Since it is difficult to know where the market is going, it is difficult to determine exact goals for the future. By framing only what is regarded as unacceptable behaviour, Medstar will achieve a greater room for readiness to act and a greater focus on learning and change processes.